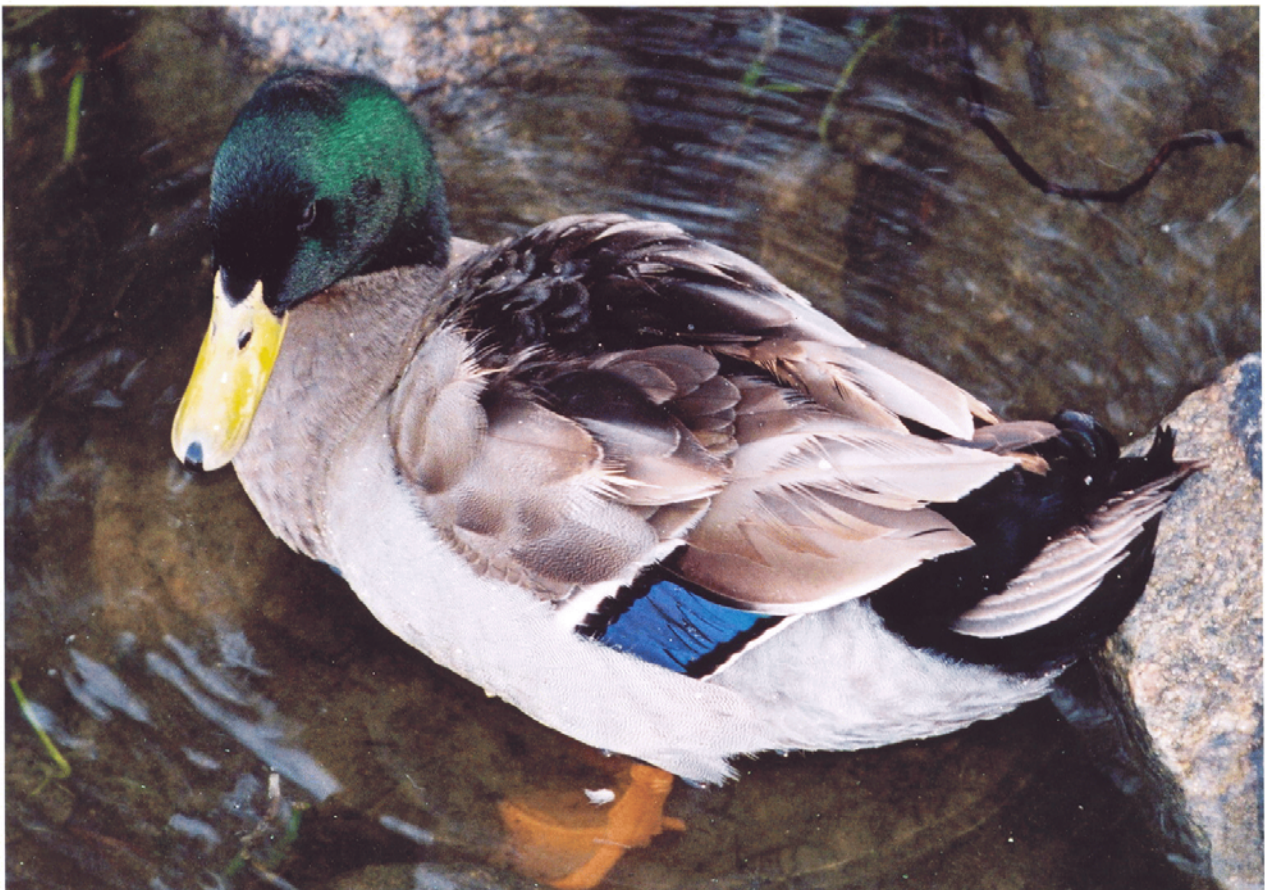




# Office of Inspector General Annual Plan

October 1, 2002 Through  
September 30, 2003



## FY 2003 OIG PERFORMANCE TARGETS (with targets FY 2002 - 2005)

*Crosswalk between OIG Strategic Plan Objectives/Measures & EPA Annual Performance Goals*

OIG STRATEGIC GOALS / EPA OIG APG	2002	2003	2004	2005
<b>FY 03 OIG GOAL 1: EPA APG 1:</b> Improve <b>environmental</b> quality and human health by identifying <b>80</b> recommendations, risks or best practices; contributing to reduction or elimination of <b>20</b> environmental risks; and <b>60</b> changes or actions influencing positive environmental or health impacts.				
<b>Objective Measures and Targets:</b>				
< 1. Environmental Improvements /Changes/Actions (Legislative, regulatory, policy, directives, best practices, Environmental /health improvements) <i>Intermediate Outcome &amp; Outcome Measures</i>	50	60	70	80
< 2. Environmental Risks Reduced /Eliminated Certifications, Verifications, Validations; <i>Outcome Measures</i>	15	20	25	30
< 3. Recommendations, Risks or Best Practices Identified; <i>Output Measures</i>	75	80	90	100
<b>FY 03 OIG GOAL 2: EPA APG 2:</b> Improve EPA's <b>business and program operations</b> by identifying <b>155</b> recommendations, potential savings & recoveries for <b>150%</b> annual investment in OIG, <b>75</b> actions for better business operations, & <b>50</b> criminal, civil or admin actions reducing risk of loss/ integrity.				
<b>Objective Measures and Targets:</b>				
< 4. Potential Dollar Return on Savings, Questioned Costs, Improved Business Practices, Recoveries, Fines, Settlements <i>Outcome Measures</i>	100%ROI (\$46M)	150%ROI (\$72M)	150%ROI (\$72M)	200%ROI (\$96M)
< 5. Criminal, Civil Administrative Actions Reducing or Eliminating Risk of Loss & Operational/Data Integrity <i>Intermediate Outcome Measures</i>	50	50	50	50
< 6. Improvements in Business/Systems/Efficiency (Actions Taken on Mgt Challenges, Certifications, Best Practices, Policies, Regs) <i>Outcome Measures</i>	70	75	80	85
< 7. Recommendations Made or Weakness, Best Practices Identified <i>Output Measures</i>	150	155	160	165

# **EXECUTIVE SUMMARY OF**

## **Consolidated Annual Plan for Fiscal 2003**

### **Mission**

Overall, the OIG sees its mission as identifying solutions to problems rather than just the problems themselves. Our mission effectiveness is achieved by (1) focusing our activities on the right issues at the right time, (2) performing the work professionally, and (3) reporting the results of our work to achieve maximum impact and encourage expeditious corrective action.

### **Annual OIG Plan**

The Plan focuses our efforts on providing our customers with independent and objective information necessary to improve program delivery and promote the integrity and the effectiveness of Agency programs and operations.

All of our work is based on the anticipated value toward influencing resolution of the Agency's major Management Challenges, reducing risk, improving program operations, and saving taxpayer dollars while leading to the attainment of EPA's Strategic Goals. This Plan aligns OIG products and services with Agency goals and emerging issues, legislative initiatives, and needs of various customers. The Plan flows from the OIG's Multi-Year Plan, and also includes assignments generated from the Office of Ombudsman.

During the course of the year, additional Ombudsman and/or Congressional requests could delay the start of some of our new work. The Plan is a dynamic document and evolves over the course of the year. Listed below are some of the assignments we anticipate being involved with during FY 2003. The assignments are broken out by Environmental Results, and Performance Management and Accountability.

### **Environmental Results**

<b>Air</b>	<p>Evaluation of EPA's Mitigation, Response and Recovery Activities Related to the Collapse of the World Trade Center</p> <p>Assessment of EPA's Ambient Air Monitoring Program for Particulate Matter</p> <p>Assessment of the Fort Worth, Texas. Project XL Asbestos Demolition and Renovation Proposal</p> <p>Assessment of the Adequacy of the Data and Measures for EPA's Air Toxics Annual Performance Goals</p> <p>Assessment of EPA's Ambient Air Monitoring Program for Air Toxics</p> <p>Evaluation of EPA's Air Toxics Source Characterization and Control Strategies Development</p> <p>Evaluation of Title V Permit Quality</p> <p>Evaluation of EPA's PM-2.5 Network Design for Identifying Sources and Developing Control Strategies</p> <p>Assessment of PM-2.5 Emissions Calculation Tools for Constructing PM-2.5 Emissions Inventories</p> <p>Effectiveness of EPA and State/Local Agency Partnerships in Reducing Ozone Precursors (NOx and VOCs)</p> <p>Effectiveness of EPA and State/Local Agency Efforts to Address Mobile Sources Contributions to Ozone Precursors (NOx and VOCs)</p>
------------	---

<b>Water</b>	<p>Assessment of the Safe Drinking Water Information System as a GPRA Measure</p> <p>Overview of the Process for Drinking Water Quality Criteria</p> <p>Review of the Modernization of the Permit Compliance System</p> <p>Assessment of the Effectiveness of EPA's Effluent Guideline Program</p> <p>Evaluation of the Effectiveness of EPA's Pretreatment Program</p> <p>Assessment of Monitoring and Assessment Programs for Managing Pollution Sources on a Watershed Basis</p> <p>Review of Watershed Management Capacity Development</p> <p>Evaluation on the Impact of NPDES Permit Backlog</p> <p>Assessment of the Effectiveness of EPA's Total Maximum Daily Load (TMDL) Program</p> <p>Evaluation of the Effectiveness of Non-Point Source Grants Program at Reducing Water Loadings</p> <p>Audits of Results from Clean Water State Revolving Fund Projects</p> <p>Financial Audits of Clean Water and Drinking Water State Revolving Funds</p>
<b>Land</b>	<p>Evaluation of the Effectiveness of EPA Initiatives to Enhance the Role of Tribes in the Superfund Program</p> <p>Evaluation of the Effectiveness of EPA's Nationwide Effort to Optimize Superfund Groundwater Cleanup Remedies</p> <p>Evaluation of the Effectiveness of EPA's National Hardrock Mining Framework in Achieving Environmental Results</p> <p>Evaluation of the Financial and Environmental Impacts of Hardrock Mining Sites and Potential EPA Liability</p> <p>Review of EPA Progress on Developing Environmental Performance Measures for the Brownfields Program</p> <p>Evaluation of Issues Associated with Idaho National Engineering and Environmental Laboratory Petition</p> <p>Audit of the Quality of Superfund Management Information: Human Capital Analysis</p> <p>Review of Selected CERCLA Claims</p> <p>Audits of Selected Superfund Cooperative Agreements</p> <p>Audits of Superfund Remedial Action Contracts</p> <p>Audits of Emergency Response Contracts</p> <p>Audits of Brownfields Grants</p> <p>Evaluation of the Implementation of the National Brownfields Program</p> <p>Evaluation of the Effectiveness and Capacity of State Waste Cleanup Programs</p> <p>Evaluate the Effectiveness of RCRA Procurement Preference Programs</p>
<b>Cross-Media</b>	<p>Review of Environmental Justice Operationalization</p> <p>Survey of Compliance Assurance and Enforcement Strategies</p> <p>Evaluation of Water Vulnerability Assessments</p> <p>Review of Management and Results from Drinking Water Security Grants</p> <p>Evaluation of Safe Buildings Program</p> <p>Survey of Homeland Security Audit (this is a Domestic Working Group Project that will involve other agencies)</p> <p>Audit of Equipment Purchases for Counter Terrorism</p> <p>Evaluation of the Use of High Performing Organization Principles in State Environmental Programs</p> <p>Case Studies of Environmental Justice Air Credit Trading</p> <p>Review of Enforcement Stakeholder Coordination</p> <p>Review of Science to Support Rule-Making</p> <p>Assessment of STAR Grants Fellowship</p> <p>Evaluation of the Effectiveness of State Self-Assessments</p> <p>Evaluation of the Relationship of EPA Research to Risk Reduction in Children's Health (Children's Health Planning, Measurement, and Coordination)</p> <p>Evaluation of the Relationship of EPA Research to Risk Reduction in Children's Health - Food Quality Protection Act Case Study</p>

### **Performance Management and Accountability**

<b>Financial Management</b>	<p>Audit of FY 2002 Agency-wide Financial Statements</p> <p>Audit of FY 2002 Pesticide Reregistration and Expedited Processing Fund Financial Statements.</p> <p>Audit of FY 2003 Agency-wide Financial Statements</p> <p>Audit of FY 2003 Pesticide Reregistration and Expedited Processing Fund Financial Statements</p> <p>Audit of the Integrated Financial Management Systems Accounts Receivable Application Controls</p> <p>Audit of GICS/IGMS Application Controls Feeding the Integrated Financial Management System</p>
-----------------------------	---

<b>Information Resources Management</b>	Audit of EPA's Implementation of Network Firewalls Audit of General Security Controls at Las Vegas Financial Management Center Audit of Controlling Operating Systems Software Changes Audit of Federal Information Security Management Act Review Audit of EPA's System Security Self-Assessment Process
<b>Program Management</b>	Audit of EPA's Human Capital Strategic Analysis, Planning, and Accountability
<b>Assistance Agreements</b>	Audit of Region 6 Oversight of Louisiana Department of Environmental Quality Audit of Awarding Assistance Agreements Audit of Assistance Agreement- Audit Follow-up Reviews of Single Audit Act Reports Financial Audits of Assistance Agreements
<b>Contracts</b>	Audit of Performance Based Service Contracting Audit of Alternative Contracting Vehicles Audit of Performance Measures for Desktop Outsourcing Financial Audits of Contractors



---

---

## Table of Contents

---

---

Vision .....	1
Mission .....	1
Annual OIG Plan .....	1
Planned Products and Services Relating to Environmental Results .....	3
Air .....	3
Water .....	5
Land .....	7
Cross-Media .....	9
Planned Products and Services Relating to Performance Management and Accountability .....	13
Financial Management .....	14
Information Resources Management .....	15
Program Management .....	15
Assistance Agreements .....	16
Contracts .....	16
Investigations .....	18



---

---

## Vision

---

---

Be a catalyst for environmental improvement.

---

---

## Mission

---

---

*The Inspector General Act of 1978 (Public Law 95-452), as amended, established the OIG to: (1) conduct and supervise audits, evaluations, and investigations relating to programs and operations in the Agency; (2) provide leadership and make recommendations designed to (i) promote economy, efficiency, and effectiveness, and (ii) prevent and detect fraud and abuse in Agency programs and operations; and (3) fully inform the Agency Head and the Congress about problems and deficiencies identified by the OIG relating to the administration of Agency programs and operations, and the need for and status of corrective actions. The authors of the IG Act recognized that Inspectors General, to be effective, would need both an unusual degree of independence and a close working relationship with their Agency heads. To accomplish our mission and goals, the Act requires that we carefully balance our independence with the need to assist the Agency in improving its management and program operations.*

Overall, the OIG sees its mission as identifying solutions to problems rather than just the problems themselves. Our mission effectiveness is achieved by (1) focusing our activities on the right issues at the right time, (2) performing the work professionally, and (3) reporting the results of our work to achieve maximum impact and encourage expeditious corrective action.

---

---

## Annual OIG Plan

---

---

The Plan focuses our efforts on providing our customers with independent and objective information necessary to improve program delivery and promote the integrity and the effectiveness of Agency programs and operations.

All of our work is based on the anticipated value toward influencing resolution of the Agency's major Management Challenges, reducing risk, improving program operations, and saving taxpayer dollars while leading to the attainment of EPA's Strategic Goals. This Plan aligns OIG products and services with Agency goals and emerging issues, legislative initiatives, and needs of various customers.

Our Plan is broken down into media, cross-media, and management areas with each area having component tracks. Each track is comprised of sequentially aligned projects designed to answer key questions and these answers are critical to the success of EPA's mission.

### **Our Customers and Clients Inputs in the Process**

As part of our planning process, we surveyed our EPA customers, including senior program managers, to identify areas requiring OIG analysis or oversight, and better serve the Agency needs. We communicated with key congressional committees to identify areas of concern or interest, and to obtain views on potential or emerging issues. We obtained ideas and suggestions from a variety of sources including our employees, prior

OIG and General Accounting Office audits, and Federal Managers’ Financial Integrity Act reviews. To maximize the impact of our work, we considered the following factors in developing this plan:

● Statutory and regulatory requirements	● Results of previous evaluations
● Adequacy of internal control systems	● Availability of OIG resources
● New programs or functions	● Customer needs and concerns
● Management needs	● Federal participation in terms of resources or regulatory authority
● Prior audit history	

Our reviews of the Agency's programs will include more thorough evaluations of the management control systems and use of risk-based assessments. We will focus on improving the effectiveness of environmental programs and/or streamlining processes so program operations can be completed more efficiently and economically.

We will work to identify emerging Major Management Challenges, provide advice, and recommend solutions for timely resolution of these issues.

<b>EPA’s TOP MANAGEMENT CHALLENGES</b> <i>In support of Agency efforts to achieve its strategic goals, the OIG has identified the following top 10 priority management issues which must be addressed by EPA. We will review the Agency’s progress in resolving these issues.</i>	
1. Linking Mission and Management	6. Challenges in Addressing Air Toxics Program Phase 1 and Phase 2 Goals
2. Information Resources Management and Data Quality	7. EPA’s Working Relationships with the States
3. Employee Competencies	8. EPA’s Information Systems Security
4. EPA’s Use of Assistance Agreements to Accomplish its Mission	9. Backlog of National Pollutant Discharge Elimination System Permits
5. Protecting Critical Infrastructure from Non-Traditional Attacks	10. Management of Biosolids

---

---

## Planned Products and Services Relating to Environmental Results

---

---

The OIG will achieve its mission, annual goals and strategic objectives through a planned, balanced program of products and services in the **EPA media and cross media areas listed below** that will:

- T provide useful information, analysis, and recommendations to Agency managers in promoting economy, efficiency and effectiveness of programs and resources;
- T determine whether intended environmental results are being achieved;
- T determine if EPA is coordinating its plans and operations with its partners, customers, and stakeholders; and
- T detect, prevent and avoid risks of loss in program integrity, resources and human health.

### Air

EPA's Clean Air goal is for every community in America to have safe and healthy air to breathe. EPA's most recent data shows that over 121 million Americans, or over 43 percent of the U.S. population live in areas with unhealthy air. Additionally, air pollution results in billions of dollars in damages to agriculture, forests, buildings, monuments, and other structures annually.

Substantial progress has been made in cleaning up selected air pollutants, but tremendous challenges confront EPA in reducing air toxics, ozone, and particulate matter. These air pollution problems are among the most pervasive, difficult, and costly to remedy. Further, the progress that has been made in reducing other air pollutants is challenged by growth in the economy, population increases, escalating highway vehicle use, and fiscal pressures on state, local, and tribal agencies, among other factors. For example, the Environmental Council of States predicted that, collectively, state agency environmental programs would be cut almost \$217 million in 2003, about 11 percent more than the cuts already made to state environmental programs. In addition to fiscal constraints, state/local/tribal agencies face many other challenges, such as limited training, high turnover, poor skills mix, and insufficient technologies. Additionally, industry is faced with ever increasing costs of compliance as easier, less costly measures have been exhausted, leaving increasingly expensive efforts to achieve incremental gains. In recognition of this, as well as political and other pressures, EPA has initiated various market-based economic incentive programs designed to provide sources with greater flexibility in meeting clean air requirements. However, unless properly designed, implemented, and overseen, such programs have the potential to exacerbate accountability and enforceability issues and further strain regulatory agency resources.

The multitude of issues impacting the achievement of EPA's clean air goal precludes the OIG from addressing each in this plan. Nonetheless, the OIG multi-year plan will address the clean air issues that present the greatest risks to human health and the environment, inspire the most stakeholder interest and concern, and involve the greatest portion of EPA's clean air resources. Our multi-year plan will address the following key questions.

EPA Strategic Goal	OIG Strategic Goal	Key Questions
--------------------	--------------------	---------------

<b>Cleaner Air</b>	<i>Contribute to Improved Environmental Quality and Human Health</i>	<p>&lt; <b>Air Toxics:</b> How can EPA improve the effectiveness of efforts to assess, monitor, control, and reduce the risks from toxics air pollutants to human health &amp; environment?</p> <p>&lt; <b>Particulate Matter:</b> How can EPA maximize the effectiveness of its fine particulate matter (PM 2.5) ambient monitoring and emissions control strategies?</p> <p>&lt; <b>Ozone:</b> How can EPA better execute its ozone reduction strategies?</p> <p>&lt; <b>Challenges to Progress:</b> How can EPA maximize the contributions of state and local entities in continuing progress toward meeting clean air goals?</p>
--------------------	--	--

### Implementation Plans

**We plan to complete the following air assignments in FY 2003:**

- Evaluating the Progress in Implementing Open Market Trading of Air Emissions;
- Evaluation of EPA's Mitigation, Response and Recovery Activities Related to the Collapse of the World Trade Center;
- Assessment of EPA's Ambient Air Monitoring Program for Particulate Matter;
- Assessment of the Fort Worth, Texas. Project XL Asbestos Demolition and Renovation Proposal; and
- Assessment of the Adequacy of the Data and Measures for EPA's Air Toxics Annual Performance Goals .

**We also plan to start the following air assignments in FY 2003:**

- Assessment of EPA's Ambient Air Monitoring Program for Air Toxics;
- Evaluation of EPA's Air Toxics Source Characterization and Control Strategies Development;
- Evaluation of Title V Permit Quality;
- Evaluation of EPA's PM-2.5 Network Design for Identifying Sources and Developing Control Strategies;

- Assessment of PM-2.5 Emissions Calculation Tools for Constructing PM-2.5 Emissions Inventories;
- Effectiveness of EPA and State/Local Agency Partnerships in Reducing Ozone Precursors (NOx and VOCs); and
- Effectiveness of EPA and State/Local Agency Efforts to Address Mobile Sources Contributions to Ozone Precursors (NOx and VOCs).

## Water

Among EPA's most important functions is to ensure that the water from the tap is safe to drink, and that our nation's surface and ground water resources are protected for future generations.

The Clean Water Act will turn 30 this year, and the Safe Drinking Water Act will turn 27. Although additional programs have been added to these laws through amendments in the intervening years, the basic structure created three decades ago to address the problems of a previous generation remains intact. This structure that met with notable successes in early years needs to be revised. To some, the issues seem more complex, the relationships between Federal and state levels of government seem more inefficient, while governmental resources are increasingly strained.

EPA's clean and safe drinking water programs face many issues. One of the fundamental problems involves performance measurement and assessment. There are many unanswered questions about the environmental and health status of the nation's water resources, as well as the management performance of EPA's programs and activities. In addition, many mature programs, such as water quality standards, the National Pollutant Discharge Elimination System (NPDES) and effluent guidelines, are suffering from inattention or inadequate funding while newer programs, such as Total Maximum Daily Loads (TMDLs,) watershed permitting, and drinking water capacity development, have uncertain futures. Moreover, recent projections of needed spending for drinking water and wastewater infrastructure reaches into the hundreds of billions of dollars. At the same time state and Federal treasuries are feeling the pinch of lower revenue.

Our work plan addresses critical issues and challenges facing the nation's ability to maintain and improve the cleanliness and purity of its water resources. Our audits, investigations and program evaluations will build upon our past and ongoing work to inform EPA, Congress, and the public so that past successes can be built upon, and weaknesses corrected. Our multi-year plan will address the following key questions.

EPA Strategic Goal	OIG Strategic Goal	Key Questions
Purer Water	Contribute to Improved Environmental Quality and Human Health	<p>&lt; <b>Safe Drinking Water:</b> How effective has the implementation of the Safe Drinking Water Amendments of 1996 been?</p> <p>&lt; <b>Watershed Protection:</b> How can EPA develop an effective program to monitor water quality and control point and non-point sources of water pollution?</p>

EPA Strategic Goal	OIG Strategic Goal	Key Questions
Purer Water	<i>Contribute to Improved Environmental Quality and Human Health</i>	<p>&lt; <b>Safe Drinking Water:</b> How effective has the implementation of the Safe Drinking Water Amendments of 1996 been?</p> <p>&lt; <b>Watershed Protection:</b> How can EPA develop an effective program to monitor water quality and control point and non-point sources of water pollution?</p>

<b>Purer Water</b>	<i>Contribute to Improved Environmental Quality and Human Health</i>	<b>&lt; Reducing Pollutant Loadings:</b> How effective has EPA's management of programs to control pollution sources been?
--------------------	--	--

### **Implementation Plans**

**We plan to complete to continue working on the following water assignments in FY 2003:**

- Review of Drinking Water Capacity Development Programs;
- Assessment of the Safe Drinking Water Information System as a GPRA Measure;
- Overview of the Process for Drinking Water Quality Criteria;
- Review of the Modernization of the Permit Compliance System;
- Assessment of the Effectiveness of EPA's Effluent Guideline Program; and
- Evaluation of the Effectiveness of EPA's Pretreatment Program.

**We also plan to start the following water assignments in FY 2003:**

- Assessment of Monitoring and Assessment Programs for Managing Pollution Sources on a Watershed Basis;
- Review of Watershed Management Capacity Development;
- Evaluation on the Impact of NPDES Permit Backlog;
- Assessment of the Effectiveness of EPA's Total Maximum Daily Load (TMDL) Program;
- Evaluation of the Effectiveness of Non-Point Source Grants Program at Reducing Water Loadings;
- Audits of Results from Clean Water State Revolving Fund Projects; and
- Financial Audits of Clean Water and Drinking Water State Revolving Funds.

## **Land**

There are approximately 1,234 hazardous waste sites throughout the United States and an estimated 60 million Americans live within four miles of one. Some of the most common contaminants at hazardous waste sites are also the most difficult to cleanup. There are an estimated 450,000-650,000 Brownfield properties across the nation where property use is complicated by the presence or potential presence of a hazardous substance or pollutant. In addition to potential environmental risks posed by substances on Brownfield properties, uncertainty about environmental contamination contributes to abandoned or underutilized properties that can create major obstacles to social or economic vitality and growth in communities.

In 2000, U.S. residents, businesses, and institutions produced nearly 232 million tons of municipal solid waste, or approximately 4.5 pounds of waste per person per day. Part of this waste is stored in one of approximately 3,500 municipal landfills located in the United States. In addition, industrial facilities generate about 7.6 billion tons of nonhazardous industrial waste per year.

### **Superfund**

Despite clear success and progress, as this program has matured, developed, and been evaluated, challenges and questions have emerged. Most notably, recent in-depth studies of the Superfund program have identified major challenges EPA may face in paying for cleanups, based on current Trust Fund balances and expected cleanup needs in the future. In addition, an EPA Superfund official acknowledged at a National Advisory Committee meeting on the Superfund program that, in 2002, EPA had seen a budget shortfall in the Superfund program for the first time. Media accounts of the official's statement reported the amount as a \$200 million shortfall for construction. This financial situation has generated suggestions for running the program more efficiently as well as legislation to reauthorize taxes on industry, which form the original basis of the Superfund program.

### **Brownfields**

Key challenges and questions in the Brownfields program are largely related to EPA's ability to implement the newly authorized nationwide Brownfields program. The new program provides funding opportunities for new entities and cleanup activities, introducing new challenges that EPA must manage.

### **Resources Conservation and Recovery Act (RCRA)**

Finally, RCRA programs face potential problems in meeting future environmental challenges. For example, changes will be necessary to accommodate and respond to continuing trends in the use of more chemicals and new chemical risks to improve methods for measuring and managing chemical risks to incorporate a more global and integrated world economy; and to integrate new technologies and industries effecting how resources are used and disposed of, among others. For example, today, consumers acquire and dispose of large quantities of goods, such as computers, that were not widely available or purchased 27 years ago when RCRA was enacted.

Our multi-year plan will address the following key questions.

EPA Strategic Goal	OIG Strategic Goal	Key Questions
<b>Better Protected Land</b>	<i>Contribute to Improved Environmental Quality and Human Health</i>	<p>&lt; <b>Superfund:</b> How can EPA ensure progress toward effective waste management, and risk reduction?</p> <p>&lt; <b>Brownfields:</b> How can EPA ensure progress toward effective risk reduction, cleanup, and restoring previously polluted sites to appropriate uses?</p> <p>&lt; <b>RCRA:</b> How can EPA ensure progress toward effective waste management, hazardous material management, and risk reduction?</p>

## Implementation Plans

**We plan to complete the following waste management assignments in FY 2003:**

- Evaluation of the Effectiveness of EPA Initiatives to Enhance the Role of Tribes in the Superfund Program;
- Evaluation of the Effectiveness of EPA's Nationwide Effort to Optimize Superfund Groundwater Cleanup Remedies;
- Evaluation of the Effectiveness of EPA's National Hardrock Mining Framework in Achieving Environmental Results;
- Evaluation of the Financial and Environmental Impacts of Hardrock Mining Sites and Potential EPA Liability;
- Review of EPA Progress on Developing Environmental Performance Measures for the Brownfields Program; and
- Evaluation of Issues Associated with Idaho National Engineering and Environmental Laboratory Petition.

**We also plan to start the following waste management assignments in FY 2003:**

- Audit of the Quality of Superfund Management Information: Human Capital Analysis;
- Review of Selected CERCLA Claims;
- Audits of Selected Superfund Cooperative Agreements;
- Audits of Superfund Remedial Action Contracts;

- Audits of Emergency Response Contracts;
- Audits of Brownfields Grants;
- Evaluation of the Implementation of the National Brownfields Program;
- Evaluation of the Effectiveness and Capacity of State Waste Cleanup Programs; and
- Evaluate the Effectiveness of RCRA Procurement Preference Programs.

## **Cross-Media**

Cross-media issues are comprised of initiatives, problems, and priorities that impact more than one media thereby affecting multiple-media program offices. Issues include homeland security, compliance assurance and enforcement, research and development, technology assessment, environmental justice, environmental stewardship, community quality of life, cross-border transport, and the health of ecosystems among others. Any of these issues could be analyzed in the context of an individual media -- the creation of comprehensive and optimal EPA policies necessitates that the Agency understand the role and behavior of each issue across the range of applicable media and laws. Following is a brief discussion of the cross-media issues we plan to address in our work.

### **Homeland Security**

Homeland Security is a top policy and funding priority of the administration, Congress, Agency, and the public. The issues and challenges for EPA are new (e.g., cleanup of anthrax-contaminated buildings) necessitating a rigorous review of Agency options, decisions, actions, and performance.

The National Strategy for Homeland Security designates EPA as the lead agency for two of the nation's 14 critical infrastructure sectors: the water sector and the chemical industry and hazardous materials sector. In 2002, additional funds were allocated to assist those assessing infrastructure vulnerabilities, and to enhance the Agency's response capabilities (i.e., research and development of new technologies to detect, monitor, and neutralize environmental threats). EPA is also applying its knowledge and experience gained in implementing the nation's environmental laws to support other Federal agencies' efforts to secure the nation's food, transportation, and energy infrastructure. Funding for these lead and support activities is projected to dramatically increase in the near term; and the outcomes of these new EPA initiatives will have material impacts on human health and the environment in the event of a terrorist attack.

### **Environmental Stewardship**

Environmental Stewardship by states and tribes is crucial for EPA to achieve its goals and objectives because these governments execute significant portions of EPA's regulatory mandate. How well the states and tribes use EPA funds and implement EPA guidance through their programs, organizations, personnel, and policies may strongly impact human health and environmental quality both locally and nationally.

## Environmental Justice

Environmental Justice is a continuing Agency priority having implications for air, water, and hazardous waste programs. Environmental Justice means the fair treatment of people of all races, cultures, and income with respect to the development, implementation, and enforcement of all environmental laws and policies, and then meaningful involvement in the decision-making process of the government. Measuring and ensuring EPA's Environmental Justice efforts is a heightened concern as environmental enhancement tools increase corporate market-based incentives (e.g., air emission credit trading, water discharge credit trading.)

## Compliance Assurance and Enforcement

Compliance assurance and enforcement practice and procedures have seen considerable innovation in recent years and exhibit considerable variation among locations and commercial sectors. The potential for impact on human health and the environment through enhanced compliance – as well as the absence of a consensus on the best techniques for achieving compliance -- invite evaluation.

EPA's traditional enforcement approach includes penalty assessments and civil referrals to the Department of Justice against significant violators of environmental laws. Alternative forms of enforcement preferred by states include compliance assurance and supplemental environmental projects. In recent years, EPA has started to include compliance assurance and alternative enforcement as complements to the Agency's existing traditional enforcement approach.

Our multi-year plan will address the following key questions.

EPA Strategic Goal	OIG Strategic Goal	Key Questions
<b>Ecosystems and Communities</b>  <b>Compliance and Environmental Stewardship</b>	<i>Contribute to Improved Environmental Quality and Human Health</i>	< <b>Homeland Security:</b> How can EPA better plan to prevent, prepare, and respond to a terrorist attack to minimize adverse impacts on human health and the environment?
	<i>Improve EPA's Management and Program Operations</i>	< <b>Environmental Stewardship:</b> Do the states and tribes use high performance concepts to deliver environmental and human health protection?
		< <b>Environmental Justice:</b> How well are environmental justice concerns incorporated into EPA decision making? How do EPA policies and practices impact human health and the environment in communities of concern?
		< <b>Compliance Assurance and Enforcement:</b> Are the enforcement approaches optimized to ensure compliance with environmental rules and regulations, and designed to protect human health and the environment?

## **Implementation Plan**

### **We plan to complete the following cross-media assignments in FY 2003:**

- Review of Environmental Justice Operationalization; and
- Survey of Compliance Assurance and Enforcement Strategies.

### **We also plan to start the following cross-media assignments in FY 2003:**

- Evaluation of Water Vulnerability Assessments;
- Review of Management and Results from Drinking Water Security Grants;
- Evaluation of Safe Buildings Program;
- Survey of Homeland Security Audit (this is a Domestic Working Group Project that will involve other agencies);
- Audit of Equipment Purchases for Counter Terrorism;
- Evaluation of the Use of High Performing Organization Principles in State Environmental Programs;
- Case Studies of Environmental Justice Air Credit Trading; and
- Review of Enforcement Stakeholder Coordination.

We also plan to address some cross media projects that are outside the four goal areas during FY 2003.

## **Implementation Plans**

### **We plan to complete the following assignments in FY 2003:**

- Review of Science to Support Rule-Making;
- Assessment of STAR Grants Fellowship;
- Evaluation of the Effectiveness of State Self-Assessments; and
- Evaluation of the Relationship of EPA Research to Risk Reduction in Children's Health (Children's Health Planning, Measurement, and Coordination.)

**We also plan to start the following assignment in FY 2003:**

- Evaluation of the Relationship of EPA Research to Risk Reduction in Children's Health - Food Quality Protection Act Case Study.

## Improving EPA's Management and Program Operations

The OIG will achieve its mission, annual goals and strategic objectives through a planned, balanced program of products and services in **EPA cross-cutting & management areas** listed below that will:

- T provide useful information, analysis, and recommendations to Agency managers in promoting economy, efficiency and accountability in EPA programs and operations;
- T ensure that EPA Programs, operations, grants and contracts have financial, scientific, legal, performance, and informational integrity to detect or prevent vulnerabilities to fraud, risk and loss of resources, public confidence and human health; and
- T help EPA resolve its "major management challenges"

EPA delivers its environmental programs through a number of interrelated organizational systems. Having the right people, processes, systems and information in place is essential to efficiently and effectively carrying out its mission and also provides a strong deterrent to fraud, waste and abuse.

Areas presented in this section specifically target Goal 2 of the OIG's Strategic Plan, *Improving EPA's Management and Program Operations*. This plan has been designed to complement OIG program evaluations and help the Agency achieve its environmental goals in the most effective and efficient manner.

For a number of years, we have reported management challenges in a number of key management areas such as, Information Resources Management and Data Quality, Employee Competencies, Assistance Agreements, Critical Infrastructure Protection, and Information Systems Security. The Agency has made substantial progress in addressing some of its management challenges, such as integration of budget and performance information. In other areas, such as human capital, the Agency has only recently begun to address these challenges.

<b>EPA Strategic Goal</b>	<b>OIG Strategic Goal</b>	<b>Key Questions</b>
---------------------------	---------------------------	----------------------

<b>Supports All EPA Strategic Goals</b>	<i>Improve EPA's Management and Program Operations</i>	<div style="margin-bottom: 10px;"> <p>&lt;    <b>Financial Management:</b> Does EPA have the people, processes, and systems needed to efficiently provide timely accurate, complete and useful financial information for decision making and accountability?</p> </div> <div> <p>&lt;    <b>Information Resources Management:</b> Does EPA have systems, processes and controls in place to ensure timely, reliable and complete information is available to manage EPA's programs and report on environmental results?</p> </div>
---	--	--

<b>Supports All EPA Strategic Goals</b>	<i>Improve EPA's Management and Program Operations</i>	<p>&lt;     <b>Program Management:</b> Does EPA have the system and processes in place to plan, budget for and manage its programs, and human capital needed to carry out its mission?</p> <p>&lt;     <b>Assistance Agreements:</b> Is EPA using assistance agreements to efficiently and effectively accomplish its mission?</p> <p>&lt;     <b>Contracts:</b> Is EPA using contracts to efficiently and effectively accomplish its mission?</p>
---	--	--

## Financial Management

Improved Financial Performance is one of the major initiatives targeted in *The President's Management Agenda*. This reform area focuses on improving accountability to the American people. Each year, we conduct a financial statement audit in accordance with the Government Management Reform Act. This mandated audit is intended to help bring about improvements in financial management practices, systems, and controls so that timely, reliable information is available for managing Federal programs.

### Implementation Plans for Financial Management

#### **We plan to complete the following assignments in FY 2003:**

- Audit of FY 2002 Agency-wide Financial Statements; and
- Audit of FY 2002 Pesticide Reregistration and Expedited Processing Fund Financial Statements.

#### **We also plan to start the following assignments in FY 2003:**

- Audit of FY 2003 Agency-wide Financial Statements;
- Audit of FY 2003 Pesticide Reregistration and Expedited Processing Fund Financial Statements;
- Audit of the Integrated Financial Management Systems Accounts Receivable Application Controls; and
- Audit of GICS/IGMS Application Controls Feeding the Integrated Financial Management System.

## **Information Resources Management**

EPA relies on its information systems to collect, process, store, and disseminate vast amounts of information used to assist in making sound regulatory and program decisions. The success of environmental programs and initiatives depends on the integrity of EPA's fundamental Information Technology infrastructure. Consequently, it is essential that the Agency prevent intrusion and abuse of its information systems, protect the integrity of its data, and provide incident response capability. The dynamic nature of security requires continued emphasis and vigilance. As such, computer security has been and continues to be a top management challenge.

Complimenting planned audit work, the Computer Crimes Directorate (CCD) will focus investigations on computer incidents which have a potential, significant adverse impact on EPA operations. The CCD will work in a consultative role with Agency computer security personnel and all interested parties to improve Agency security, and improve computer incident awareness. We will maintain liaison and close working relationships with other law enforcement agencies and participate in efforts of mutual interest and national security.

### **Implementation Plans for Information Resources Management**

**We plan to complete the following assignment in FY 2003:**

- Audit of EPA's Implementation of Network Firewalls.

**We plan to start the following assignments in FY 2003:**

- Audit of General Security Controls at Las Vegas Financial Management Center;
- Audit of Controlling Operating Systems Software Changes;
- Audit of Federal Information Security Management Act Review; and
- Audit of EPA's System Security Self-Assessment Process.

## **Program Management**

To achieve its environmental goals and objectives, EPA must have a competent, well-trained, and motivated workforce with the right mix of skills and experience. They must understand how their work contributes to EPA's mission and be held accountable for results that are aligned with the Agency's mission and goals. We have identified employee competencies as one of EPA's top ten management challenges. Human Capital is also a major reform issue in the President's Management Agenda. EPA will face challenges in the near future, because a large proportion of its workforce will be eligible to retire and replacements will be needed for many experienced personnel. To meet these challenges and ensure it has the capabilities necessary to carry out its environmental mission, EPA needs to devote sufficient resources to strategic workforce planning, strategy implementation, and measuring the results of these efforts. We will conduct a number of separate Human Capital management reviews in key media areas over the span of several years.

## **Implementation Plans for Program Management**

**We plan to start the following assignment in FY 2003:**

- Audit of EPA's Human Capital Strategic Analysis, Planning, and Accountability.

## **Assistance Agreements <sup>1</sup>**

EPA has identified management of assistance agreements as either a material or Agency-level weakness since 1996. With EPA providing more than \$4 billion per year in assistance agreements, it is important that EPA and the OIG ensure that the funds are used in accordance with laws and regulations, and are safeguarded from fraud, waste, and misuse. We will continue our audits of grantees costs and our investigative work to uncover criminal and administrative misconduct in the assistance agreement area.

## **Implementation Plans for Assistance Agreements**

**We plan to complete the following assignments in FY 2003:**

- Audit of Region 6 Oversight of Louisiana Department of Environmental Quality; and
- Audit of Awarding Assistance Agreements.

**We plan to start the following assignment in FY 2003:**

- Audit of Assistance Agreement- Audit Follow-up.

**We also plan to continue the following in FY 2003:**

- Reviews of Single Audit Act Reports; and
- Financial Audits of Assistance Agreements.

## **Contracts <sup>1</sup>**

Management of contracts is an important area for the OIG as EPA spends about one fourth of its budget on contractor support. Our contract work will evaluate whether EPA's contracts are being awarded and administered in a manner that supports cost-effective accomplishment of EPA's mission. In addition, we will continue our audits of contractor costs and our investigative work to uncover criminal and administrative misconduct in the award and delivery of contract services.

---

<sup>1</sup> Audits related to specific media and cross-media goals are shown in those respective sections of this plan.

### **Implementation Plans for Contracts**

**We plan to complete the following assignments in FY 2003:**

- Audit of Performance Based Service Contracting; and
- Audit of Alternative Contracting Vehicles.

**We also plan to start the following assignments in FY 2003:**

- Audit of Performance Measures for Desktop Outsourcing; and
- Financial Audits of Contractors.

---

---

## Investigations

---

---

*OIG investigators are responsible for detecting, deterring, and referring cases for criminal prosecution, civil or administrative action involving possible fraud, abuse and other illegal acts by Agency employees, contractors and grantees. These cases are often performed by teaming with OIG auditors and/or evaluators, and other law enforcement officials.*

We plan to expand our work to include analysis of systemic deficiencies, identification of risks to the integrity of Agency programs and resources, as well as resolution of individual cases. We will provide expanded coverage of fraud awareness briefings and information throughout the Agency to help prevent fraud and better prepare Agency staff to recognize and refer possible fraud to the OIG. We will leverage additional resources and expand the value of our results beyond EPA, by participating in partnering projects with both federal and state members. Complementing planned audit work, investigations will focus on computer incidents which have a potential, significant adverse impact on EPA operations. The OIG will work in a consultative role with Agency computer security personnel and all interested parties to improve Agency security, and improve computer incident awareness. We will maintain liaison and close working relationships with other law enforcement agencies and participate in efforts of mutual interest and national security.

### **In FY 2003 we plan to investigate cases involving:**

- **Assistance Agreements and Contracts:** We will focus investigative resources on high cost administrative assistance agreements and contracts across the Agency's programs that can seriously undermine the integrity of the public trust in its ability to carry out its mission.
- **Laboratory Fraud and Data Integrity:** We will investigate indicators of laboratory fraud within the environmental community, involving commercial, contractual, and Agency laboratories; and the security of data relied upon to assess environmental threats, control hazardous wastes and other pollutants in determining regulatory and enforcement actions.
- **Computer Forensics:** We will investigate attempts at illegal penetration of EPA data bases, provide advanced computer forensic training to OIG staff, and provide the Agency's various Information Security Officers with designated points of contact for investigative referrals.
- **Superfund Contracting:** Our investigations will focus on all stages of the Superfund program, with a special emphasis on Agency contracting processes and contracts for removals and remediation.